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**METHODS OF DETERMINING ELECTED
REPRESENTATIVES' REMUNERATION**

Current Issue Paper 166



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**METHODS OF DETERMINING ELECTED
REPRESENTATIVES' REMUNERATION**

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INTRODUCTION

For over a century now, modern liberal democracies have struggled with questions of how and what to pay elected officials. In most democratic states, representatives themselves initially determined the level of their own remuneration. Since the Second World War, however, this practice has come under increasing criticism, with calls for removing representatives entirely from the process of determining how much they are paid. In their place, some countries (New Zealand and Canada, for example) have established independent commissions to review and determine remuneration levels on a regular basis. Other countries (such as Australia, France, Great Britain and the United States) have linked the level of representatives' remuneration to salary levels in the civil service. Despite these differences, though, all reform efforts have been motivated by one goal: to pay elected representatives fairly and adequately for the work they perform in a highly charged and often contentious political environment.

This paper begins by examining the evolution of some of the issues surrounding the determination of representatives' remuneration. It then surveys Canadian efforts to reform their methods of determining remuneration. The paper concludes by surveying international reform efforts.

DETERMINING LEGISLATORS' REMUNERATION

EARLY ORIGINS

In the nineteenth century, there were two opposing views on the issue of representatives' remuneration. The first view, espoused early on by John Stuart Mill, held that elected representatives should not be paid at all. Mill argued that paying politicians was a sure way to attract "adventurers of a low class" to public office, individuals whose sole concern was private gain and not the public good.¹ If, however, in the interests of democracy, financial compensation was ultimately necessary to retain representatives who were not financially independent, Mill argued that the payment should be in the form of an "indemnity for loss of time or money, not a salary."²

The second view on the issue argues that because the work performed by elected representatives is equivalent to full-time employment in other sectors, representatives should receive commensurate financial compensation. Alexis de Tocqueville, one early proponent of this view, added that "if public officers are not uniformly remunerated by the state, the public charges must be intrusted to men of opulence and independence who constitute the basis of an aristocracy - not a democracy."³

By mid-nineteenth century, de Toqueville's views on paying elected representatives had come to prevail in most liberal democracies, although representatives in Westminster-based parliamentary systems (i.e., Australia, Canada and New Zealand) were formally paid an indemnity rather than a salary. The expansion of suffrage to include non-landed males in the nineteenth century gave further justification for de Toqueville's views because it meant that individuals lacking financial independence were elected to office.

Even though the issue of paying representatives was largely resolved, how the level of representatives' pay would be determined remained a highly contentious issue over the course of the next century. Key factors which influenced this debate were the extent of suffrage, the democratic role played by elected representatives and increasing public pressure to reform democratic government structures and processes.

The expansion of suffrage had a number of effects, including triggering a change in the role played by elected representatives. In democracy's early days, representatives were trusted by constituents to make decisions on their behalf in the process of governance largely because constituents' interests were essentially the same as the representatives' - namely, property. With the expansion of the franchise, representatives could no longer be trusted to act simply in the best interests of a far broader range of constituents. The sheer expansion of voter interests made the representative-as-trustee role outdated and pressured most elected representatives to become delegates of their constituents. This role change signalled that elected representatives should no longer be entrusted to determine the level of their own pay without public input.

In the post-war years, there has been increasing public concern with corruption - perceived or real - in most democratic government structures and processes. This concern has translated into broad reform initiatives including those specifically aimed at removing representatives from the determination process. Combined with the change in the purpose of democratic representation, public concern with political corruption made it politically unacceptable for representatives themselves to continue to determine their own pay levels. In response, different countries adopted different reform initiatives, including independent commissions or tribunals and linking representative's remuneration to public service salaries. Regardless of the method ultimately chosen, however, the determination process itself remained very difficult and highly contentious.

THE TASK OF DETERMINATION

Most politicians and independent bodies appointed to examine the issue will attest to how difficult the task of determining representatives' remuneration level actually is. According to the recent Canadian Commission to Review the Allowances of Members of Parliament, a fair and balanced approach to determining remuneration must include four things:

- ▶ a concise and fair job description of the representative;
- ▶ a fair assessment of the financial needs attendant to the job;
- ▶ an accurate comparison of the salary and job description with comparable jobs in the private and public sectors; and
- ▶ an up-to-date comparison of Members' salaries with the salaries of representatives in Canadian provinces and selected countries around the world.⁴

Describing the job of the representative may be the easiest of these tasks. The 1983 British Report on Parliamentarians' Pay and Allowances (the Plowden Report) described the job of an elected representative as follows: to represent, defend and promote national interests, as well as to further the needs and interests of constituents, reconciling them with national interests as far as possible.⁵ The Plowden Report went on to describe the six principal accountabilities of the job as follows: 1) to provide and maintain personnel for government and opposition; 2) to monitor and criticize governments in order to influence and, where possible, change government action; 3) to initiate, amend and review legislation; 4) to help individual constituents with specific requests; 5) to contribute to the formulation of party policy; and 6) to promote public understanding of party policies to facilitate the achievement of party objectives.⁶

The financial needs of elected representatives vary from representative to representative as well as from jurisdiction to jurisdiction. There are a few expenses, however, which most representatives are saddled with. These include: the cost of residence in the capital city; the cost of transportation; day care and/or baby sitting; fundraising donations; clothing; and constituent representation, communications and hospitality.

A British Select Committee succinctly stated the problem in comparing the job and financial compensation paid to representatives with jobs and compensation in the private and public sectors as follows:

There is no other occupation which can offer a useful basis of comparison and there can be neither job description nor conditions of service in the normally accepted sense.⁷

Notwithstanding the Committee's observation, the recent Canadian Commission on MPs' Allowances attempted to make just such a comparison. According to the Commission, a representative's job can be broken down into seven components, six primary and one residual. Using the results of a survey completed by current and former Members of Parliament, the Commission computed the time representatives typically spend on each component and assigned remuneration values based on comparable functions and salaries in the public and private sectors. The results are reported in the following table:

| Functions | Percentage of Time Spent per Work Week (65 hours) | Remuneration Value |
|----------------------------------|---|--------------------|
| Manager | 6.2% (4 hours) | \$ 3,864.96 |
| Policy Analyst | 32.4% (21 hours) | \$23,875.88 |
| Law Maker | 27.7% (18 hours) | \$27,312.20 |
| Government Liaison/Advocate | 4.7% (3 hours) | \$ 3,972.68 |
| Counsellor | 6.2% (4 hours) | \$ 3,384.15 |
| Vice-President, Public Relations | 17.2% (11 hours) | \$17,627.08 |
| Other (Research Director, etc.) | 7.8% (5 hours) | \$ 6,191.10 |
| Total | 100% (65 hours) | \$86,228.05 |

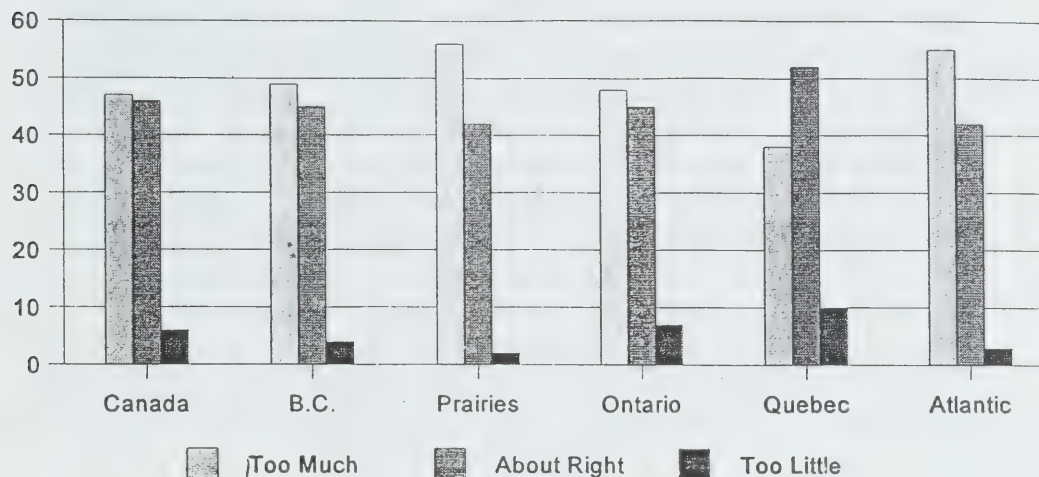
Source: Commission to Review Allowances of Members of Parliament, *Democratic Ideals and Financial Realities* (Ottawa: Supply and Services, 1994).

A comparison of representatives' salaries from different jurisdictions, the fourth component of the Canadian Commission's approach to remuneration determination, is included in Appendix One.

Determining the appropriate level of representatives' remuneration is further complicated by the political environment in which such deliberations take place. In 1989, 60 percent of Canadian respondents to a Gallup survey believed that their representatives were overpaid, while just over 20 percent believed that representatives were paid "just right." By 1994, the situation had improved slightly. In a survey that year,⁸ the Angus Reid Group told respondents that Members of Parliament currently receive a basic salary of \$64,400 and an additional \$21,300 in the form of a tax-free allowance, as well as a \$6,000 living allowance. Respondents were then asked if

Members of the House of Commons were paid too much, about right or too little. The results were as follows:

Attitudes Towards Level of Pay



Respondents were then given an opportunity to explain their opinion about Members' pay. The top five responses, in percentage values, were as follows:

| Reasons | Canada | B.C | Prairies | Ontario | Quebec | Atlantic |
|----------------------------------|--------|-----|----------|---------|--------|----------|
| Don't Work Hard Enough | 16 | 14 | 20 | 14 | 21 | 7 |
| Overpaid/greedy | 14 | 10 | 8 | 8 | 31 | 15 |
| Receive enough in other benefits | 13 | 16 | 16 | 11 | 16 | 6 |
| Appropriate amount by comparison | 9 | 11 | 13 | 11 | 5 | 3 |
| Good salary for job done | 8 | 4 | 5 | 10 | 7 | 12 |

So if the task of determining the level of representatives' remuneration were not hard enough, public opinion surrounding the issue is sure to make any effort highly contentious. The remainder of this paper describes how various jurisdictions - Canadian and international - set about to determine how much representatives should be paid.

CANADA

This section examines Canadian methods of determining elected representatives' financial compensation packages, including remuneration levels and, where the issue has been addressed, retirement allowances. At the federal level, and in Ontario, Nova Scotia and Prince Edward Island, independent bodies are established on a regular basis according to legislative requirements. In other provinces (British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Newfoundland), representatives' financial compensation is reviewed and determined in other ways, ranging from decree by the Cabinet or Premier (as in Alberta and British Columbia), to consideration by a standing legislative committee (as in New Brunswick) to the appointment of independent commissions of inquiry on *ad hoc* bases (as in Manitoba, Saskatchewan and Newfoundland). In these latter jurisdictions, recent reviews of representatives' compensation packages were prompted by public pressure for change - pressure which became particularly acute in the first half of the 1990s.

PARLIAMENT

In Ottawa, the Commission to Review Allowances of Members of Parliament, appointed under the terms of Section 68(1) of the *Parliament of Canada Act*, must be established after each election to make recommendations respecting the allowances paid to Senators and Members of the House of Commons. The Commission has been constituted on six occasions and has produced the following reports, named after their respective Chairs: the Beaupre Report (1970), the Hales Report (1979), the McIsaac-Balcer Report (1980), the Clarke-Campbell Report (1985), the St. Germaine-Fox Report (1989), and the Lapointe Report (1994). The Commission makes its non-binding recommendations to the federal Cabinet through the House Leader.

Until 1994, the Commission was composed of two ex-politicians from separate political parties. The membership of the Lapointe Commission, however, was expanded to include an independent member as well.

With respect to remuneration levels, the Lapointe Commission recommended Members' tax-free allowance be abolished and rolled into their salaries, which the Commission recommended be raised to \$75,000 immediately and to \$86,000 following the next general election. With respect to retirement allowances, the Commission recommended that an age of eligibility be established at 55 and the six year minimum service requirement be retained.

NOVA SCOTIA

In Nova Scotia, the Commission of Inquiry on Remuneration of Elected Provincial Officials was constituted by the Speaker under Subsection 45(1)

of the *House of Assembly Act*. The Commission makes its recommendations directly to the Speaker in an annual Report entitled "Respecting the Indemnities, Allowances, and Salaries to be paid under the *House of Assembly Act* and the *Executive Council Act*." The Commission has three Commissioners who normally have not held political office but have considerable understanding of the environment surrounding the House of Assembly, as well as its operations and administration.

Until recently, the Nova Scotia Commission had been regarded as "the best possible example in Canada of a remuneration-setting body outside the political system which goes about its work in a diligent, methodical and realistic manner."⁹ The independence of the Commission stems from the fact that its recommendations must, by law, be implemented. Since 1994, however, the Commission has not been struck as a result of a government-wide wage freeze and 3 percent roll-back. The freeze is not expected to be lifted until 1997, at which time the Commission is expected to resume its duties.¹⁰

ONTARIO

In Ontario, the Commission on Election Finances is required by the *Legislative Assembly Act* to review on an annual basis MPPs' indemnities and allowances and to make any recommendations it considers necessary to the Speaker. The Commission performs this function in addition to regulating the financing of political activities in Ontario. The Commission currently has nine members, including:

- ▶ two persons nominated by each political party in the Assembly that is represented by four or more Members and that nominated candidates in at least 50 percent of the electoral districts in the most recent general election;
- ▶ one representative nominated by the Law Society of Upper Canada;
- ▶ the Chief Electoral Officer; and
- ▶ the Chair of the Commission, who is appointed by Cabinet.

Since 1991, the Commission has issued the same report concerning MPPs' indemnities and allowances. The Commission summarized its recommendations as follows:

The structure of indemnities and allowances for Members of the Legislature has developed into a veritable patchwork which cries out for reform. In the absence of an adequate basic indemnity, such as has been recommended by the Commission for some years, the Board of Internal Economy has approved a wide range of supplementary indemnities for positions in the Legislature, in its committees and in the

caucuses. Members of the Legislature have received a tax-free expense allowance, the tax-free component of which is perceived to be unwarranted in view of the allowances now available for accommodation, travel, etc. The whole structure needs to be rationalized.¹¹

While the Commission has issued the same report for the past five years, it has made the same recommendations regarding MPPs' remuneration for over seven years. The recommendations would see the tax-free allowance (after being adjusted for income tax at a rate of 40 percent) and the legislative committee *per diems* rolled into a single, taxable salary worth \$76,603. This amount includes a 10 percent cost of living increase.

Given the fact that successive governments of Ontario have virtually ignored its recommendations, the Commission also recommended that the "Board of Internal Economy commission an appropriate agency to do an independent assessment of the whole range of indemnities and allowances, and in the process, recommend some formula for increases."¹²

PRINCE EDWARD ISLAND

In June 1993, the Legislative Assembly of Prince Edward Island passed legislation establishing the Commission of Inquiry to Examine and Recommend on the Adequacy of the Annual Variation of Indemnities, Salaries and Allowances Paid to Members of the Legislative Assembly. The recommendations were to be considered binding upon the legislature.

One set of recommendations made by the Commission, and acted upon by Premier Catherine Callbeck in early 1994,¹³ focused on abolishing the smaller perquisites of public office in P.E.I., including golf and ski passes, free motor vehicle registration and *per diem* meal allowances. With respect to the Members' pension plan, Premier Callbeck announced that it too would be abolished in favour of a new plan.

In 1995, a new pension plan was created, the details of which are as follows: upon turning 60, or the date upon which the Member's age plus credited service years equals 80, retired Members receive 2 percent of their average indemnity multiplied by the number of years of credited service as a Member.

ALBERTA

Shortly after being elected to office in 1993, Premier Klein announced that "there will be no pension plan [for Members of the legislature] after the next election." In May 1993, Bill 66, an *Act to Amend Members of the Legislative Assembly Pension Plan*, was passed by the Alberta Legislature giving effect to this announcement. The Act introduced changes to previous and existing Members' pension scheme as well. According to the terms of the Act, all MLAs elected in 1989 would have contributions they made to

the pension plan returned to them. The matching contribution made by the province was forfeited. For those Members retiring before the next election, pension benefits were to be reduced from a rate of 4 percent *per annum* to 3 percent. Former Members who applied for and received pension benefits between 1989 and the passage of the Act (i.e., 1993), would have to return monies to the Government. In addition to the pension plan cancellation, former Members' pensions are now suspended if they work for more than a limited period of time for any employer covered by the Public Service Management Pension Plans.

In December 1993, Members of the Legislative Assembly voted to cut their salaries and assorted legislative allowances by 5 percent.

BRITISH COLUMBIA

In July 1995, the Government of British Columbia announced that the Members' pension plan would be abolished after the next provincial election.¹⁴ According to the terms of the legislative amendment passed to this end, the plan would continue to provide benefits to retired MLAs and those currently in office who had served seven years or more. Those who had served less time and are not re-elected will have their personal contributions returned to them. Members re-elected could have their contributions included in a new pension plan, the details of which an independent commissioner must recommend to the next legislature.¹⁵ No changes were made to Members' remuneration levels at this time.

MANITOBA

In July 1993, the Manitoba Legislature established the Indemnities and Allowances Commission (Pay, Pension and Accountable Allowances) to review and determine the levels of salary, accountable allowances and pension benefits of regular Members of the Legislative, as well as for Members of Cabinet and officers of the Legislature (i.e., committee chairs, House Leaders, the Speaker, etc.). Like Nova Scotia's remuneration commission, the Manitoba commission's recommendations were legally binding and were implemented this year after the general election.

With respect to Members' remuneration, the Commission recommended abolishing all discretionary components of Members' pay, including the tax-free living allowance, car allowance and cost of living adjustments because they were "confusing, obscure and unfair to the general public."¹⁶ In its place, the Commission recommended paying Members a single salary which would be subject to adjustment according to the percentage change (either up *or* down) in the average yearly wage in Manitoba. The Commission also recommended deducting \$200.00 per day when a Member is inexcusably absent from legislative duties.

The legislation which established the Manitoba Commission stated that the Members' pension plan would be abolished at the time of the next election.

The Commission was specifically directed to decide whether a new plan should be created, and if so, what type. The Commission argued that the former pension arrangements were "excessively generous," to the point of "exceeding community standards," but nevertheless believed that "some form of retirement arrangement for Members is not only desirable but also necessary."¹⁷ The recommended arrangement was based upon a fixed RRSP contribution to a plan of the Members' choice, matched by the province.

While not directly related to remuneration, it is interesting to note the Commission's recommendations made with respect to the residence, constituency travel, and constituency office and commuting allowances. By July 30 of each year, every Member is now required to prepare an annual report of expenditures claimed under all four allowances. Copies of these reports are to be given to the Speaker for tabling in the legislature, and to a special office where members of the public can examine them. The public is also entitled to examine the salaries paid to Members, as well as their RRSP contributions.

NEW BRUNSWICK

In the spring of 1992, the Legislative Assembly of New Brunswick directed the Standing Committee on Legislative Administration to examine the services provided and allowances paid to Members. The Committee's Report, tabled in December 1992, addressed three issues: Members' constituency budgets, remuneration and pension plan. The Committee's recommendations were adopted in 1995.

Prior to 1992, New Brunswick provided no resources to Members for constituency office support. The Committee recommended that a Riding Constituency Allowance be established to defray the costs of office accommodation, office operations and staff. This Allowance was established in 1993.

With respect to the level of Members' remuneration, the Committee recommended no change be made.

Under the terms of the New Brunswick Members' pension plan, there was no minimum retirement age, although there was a minimum ten year vesting period. To make the plan in line with other pension plans, the Committee recommended establishing a minimum basic retirement age of 60 after five years of service. The Committee also recommended abolishing the suspension of a retired Member's pension benefits in the event that the Member returned to work in the public service. The Committee argued, following federal precedent, that other members of the public service pension plan, including judges, teachers, nurses and doctors, could return to work in the public service after retirement and receive both a pension benefit and a salary.

SASKATCHEWAN

The *Legislative Assembly and Executive Council Act* provides that an independent commission be appointed periodically to review and make recommendations to the Board of Internal Economy of the Legislature with respect to indemnities paid to Members. In December 1994, a three-member Commission was struck.

The essence of the Commission's March 1995 Report is best described in their own words:

The existing compensation package for Saskatchewan MLAs is complex, misleading and in many ways unaccountable. The payment system must be reformed to meet the requirements of clarity, adequacy, accountability and full disclosure to the public...The recommendations in this report prescribe a system that clearly separates salary and related benefits from reimbursement for legitimate expenses, and that requires - for the first time - annual reporting, auditing and publication of expenditures made by or on behalf of Members of the Legislative Assembly.¹⁸

In more specific terms, the Commission recommended the creation of an annual salary for Members, the abolition of the sessional expense and *per diem* caucus expense allowances. The new salary would be increased from the current \$38,546 to \$55,000 to account for the abolition of the various allowances.

In June 1995, the Board of Internal Economy met to review the Commission's report and approved its recommendations in principle. The Board did request further elaboration from the Commission concerning some details of implementation. The Board is expected to approve the recommendations *in toto* by the end of September.¹⁹

INTERNATIONAL APPROACHES TO DETERMINING REPRESENTATIVES' REMUNERATION

As in Canada, countries around the world have adopted different methods of determining elected representatives' remuneration. Some countries (Australia, France, Great Britain and the United States, for instance) have linked representatives' salaries to senior civil service salaries. Other countries (New Zealand, Canada and Germany, for instance) have established independent commissions to review and determine remuneration levels on a regular, legislatively-prescribed basis. This section examines how various countries have sought to reform the processes of remuneration determination. While it does not review the history of international efforts to reform representatives' retirement allowance systems, Appendix Two does provide an overview of current pension arrangements.

AUSTRALIA

As in most countries, Members of Australia's Parliament determined their own levels of remuneration - usually on the basis of an inter-party agreement - up until forty years ago.²⁰ In 1952, the government of the day changed this system by appointing an independent inquiry to report on the need to increase salaries for Members. Similar inquiries were appointed in 1955, 1959 and 1971.

In response to recommendations from the 1971 inquiry, the Australian government established the permanent Remuneration Tribunal in 1973 - an independent body charged with determining the remuneration of Members and making recommendations regarding the salaries of the senior offices of the judiciary, parliament and the executive. Chaired by a judge or former judge, the Tribunal reports annually to Parliament and issues various Statements regarding remuneration issues in the interim. The general guidelines followed by the Tribunal are as follows:

That the Parliamentary salary should not be so low as to constitute an entry barrier to gifted and highly-qualified persons is beyond argument. The salary level at which this barrier may be created for an increasing number of well-educated and experienced persons in the professions and in technological and business pursuits is a matter of judgement. We deem it of special importance that the Parliament attracts as Members sufficient numbers of able persons to ensure in the ministries of the future the breadth of expertise and experience required to meet the demands of Government.²¹

According to the *Remuneration Tribunal Act* of 1973, the Tribunal was to have the power to actually set the level of Members' remuneration, although it can only make recommendations regarding the salaries paid to Ministers and judges. Parliament, though, reserved the right to set the Tribunal's determinations aside in the interests of public policy. Over the course of the 1980s, Parliament exercised this prerogative four times (in 1982, 1983, 1985 and 1989), with the consequence that the public's perception of the independence of the Tribunal was undermined. In response, Parliament passed legislation in 1992 which removed from the Tribunal its jurisdiction over Members' remuneration. The level of Members' remuneration is now linked to senior public service salaries.

GREAT BRITAIN

Until the 1970s, Members of the House of Commons themselves undertook to determine the level of their own remuneration. Under public pressure for a more independent method, though, the British government established the Top Salaries Review Board in 1971 to make recommendations to Parliament regarding the level of remuneration paid to MPs. The Board functioned until 1987 when Parliament voted to link Members' remuneration with

salary levels in the civil service. Since that time, MPs have been paid at a yearly rate equal to 89 percent of the national maximum point on the pay scale for the non-industrial Civil Service. (It is interesting to note that the initial linkage gave rise to a 21.9 percent increase in MPs' remuneration at the time.)

NEW ZEALAND

As in Great Britain and Australia, the New Zealand Parliament originally determined the level of remuneration paid to Members. This situation changed in 1950 when the government passed legislation which required that a Royal Commission be established after each general election to recommend changes to members' salaries and allowances. The Commission's recommendations had to be implemented by statute passed by Parliament or by Order in Council issued by Cabinet. In 1974, the Commission was abolished in favour of the Higher Salaries Commission, whose mandate was expanded to include determining the salaries of the judiciary and other statutory officers, including the Speaker and Governor General.

According to the enabling legislation, a fresh determination of salaries, allowances and pensions must be made at least once every three years. In practice, the Commission has issued annual determinations for Members of Parliament.

In determining parliamentary salaries, the Higher Salaries Commission must have regard to the following general criteria:

- ▶ to achieve and maintain commensurability with levels of remuneration received elsewhere; and
- ▶ to be fair to the recipient of the remuneration and to the taxpayer.

The Commission is also obliged to take into account four specific factors when considering the remuneration and pensions of Members of Parliament. These are that:

- ▶ the occupation of a member of Parliament be regarded as virtually full time and professional in nature;
- ▶ it be assumed that a member has no other income;
- ▶ it be accepted that members are married with family commitments; and
- ▶ regard be given to the sacrifices members and their spouses have to make in respect of their enjoyment of leisure and family life.

The Commission's determinations are considered to have the status of law and are not subject to amendment or disallowance by Parliament.²²

FRANCE

One of the first Ordinances issued in the new Fifth Republic, which was proclaimed in 1958, was #58-1210, which established elected representatives' remuneration. According to the Ordinance, representatives' salary is to be calculated "with reference to the payment of higher civil servants. It is equal to the average of these payments."²³

GERMANY

The German Constitution (1948) declares that salaries for elected representatives must be determined in legislation by the state and federal legislatures.²⁴ The Constitution stipulates that the President of each legislature must submit an annual report on general income for elected members, cost trends and recommendations for increments. This method for determining remuneration levels was reinforced in a recent Federal Court ruling which, in effect, prohibited any efforts to link representatives' remuneration with either the cost of living or public service salaries.

THE UNITED STATES

Article I, Section 6 of the American Constitution states that "Senators and Representatives shall receive a Compensation for their Services, to be ascertained by Law, and paid out of the Treasury of the United States." For the first one hundred and fifty years, Congressmen themselves determined the level of their remuneration. In 1953, Congress appointed the Commission on Judicial and Congressional Salaries to study and make recommendations regarding Congressional salaries. While the Commission's recommendations were ultimately ignored, its appointment nonetheless set a precedent for the use of an independent body to determine remuneration levels. This precedent was observed in 1967, the next time Congress addressed salaries.

In 1967, the nine-member Commission on Executive, Legislative and Judicial Salaries was established to review the salaries of members of Congress, federal judges and top officers of the executive every four years and to recommend changes. The Commission's recommendations were to take effect within thirty days of their issuance unless Congress either disapproved of them or enacted a separate pay measure.

Despite the establishment of the Salaries Commission in 1967, problems still existed with the Congressional remuneration system, primarily due to the existence of honoraria, or "the payment of money or anything of value an organization makes to a legislator in return for a speech, appearance or article."²⁵ As the cost of living increased exponentially over the course of the 1970s and 1980s, honoraria became increasingly important to many members of Congress, especially as public pressure prevented Congress from raising Congressional salaries to match inflation. In response to this situation, the Salaries Commission recommended in 1975 that substantial

limits be placed on honoraria income and that Congressmen be compensated for any losses by increasing their salaries. The House of Representatives eventually accepted a limit on all outside earnings equivalent to 30 percent of their salary in exchange for a 29 percent salary raise, but the Senate rejected both recommendations. As a result of this state of affairs, Senate salaries increased only slightly over the next ten years.

In 1988, the Salaries Commission made a bid to ban honoraria outright in both Houses in exchange for a 51 percent salary raise. In 1989, the Senate agreed to limit substantially - but not totally ban - honoraria and other outside income in exchange for a 40 percent salary increase over two years. The House of Representatives, even though they had already established limits on honoraria in exchange for a salary increase in 1975, accepted the raise as well. This raised Representatives' salaries to \$125,100 and Senators' salaries to \$96,600. In 1991, the House banned honoraria outright, and the Senate established even lower honoraria levels in exchange for salary parity with Representatives.

CONCLUSION

In most liberal democracies, elected representatives themselves initially determined the level of their own remuneration. The expansion of suffrage, the change in the role played by elected representatives and public pressure to eliminate corruption in democratic government, however, caused most democracies to reform this process. This paper has identified five distinct methods for determining representatives' remuneration:

- ▶ linking representatives' remuneration to public service salaries (as in Australia, France and Great Britain);
- ▶ an independent commission, established on a regular basis, with powers to either: a) implement changes to representatives' remuneration on a proscribed basis (as in New Zealand); or b) make recommendations regarding representatives' remuneration (as in the United States, the Parliament of Canada, Ontario, Nova Scotia and Prince Edward Island);
- ▶ an *ad hoc* commission with powers to either; a) implement changes to representatives' remuneration on a proscribed basis (as in Manitoba); or b) make recommendations regarding representatives' remuneration (as in Saskatchewan);
- ▶ consideration by a committee of the legislature (as in New Brunswick);
or
- ▶ decree by the political executive (as in Alberta, British Columbia and Germany).

Despite the specific method chosen, all reform efforts attempted to formalize and de-politicize the determination process. In the Canadian context, the highly charged political atmosphere surrounding the issue put extra pressure on review mechanisms not only to pay representatives fairly and adequately, but also to simplify representatives' financial compensation systems, including both their remuneration levels and retirement allowance packages.

NOTES

¹. John Stuart Mill, *Considerations on Representative Government* (London: J.M Dent, 1910), p. 311.

². Ibid.

³. Alexis de Tocqueville, *Democracy in America*, trans. H. Reeve (Oxford: Oxford University Press, 1946), pp.43-44.

⁴. Canada, Commission to Review Allowances of Members of Parliament, *Democratic Ideals and Financial Realities: Paying Representatives in the 21st Century* (Ottawa: The Commission, 1994), p.35.

⁵. Great Britain, Review Body on Top Salaries, Report no. 20, *Review of Parliamentary Pay and Allowances*. Command #8881-I/II, 1983.

⁶. Ibid.

⁷. Great Britain. *Report of the Select Committee on Members' Salaries* (House of Commons, 1981-82), p.208.

⁸. Angus Reid contacted 1,500 residents from across Canada and asked them 6 questions between March 18 and March 24, 1995. The results of the survey are accurate to within plus or minus 2.5 percentage points, 19 times out of 20.

⁹. Robert J. Fleming, ed., *Canadian Legislatures* (Agincourt: Global Press, 1993), p.74.

¹⁰. Telephone interview with Dale Robbins, Office of the Clerk, Legislative Assembly of Nova Scotia, 16 August 1995.

¹¹. Ontario. Commission on Election Finances. *The Eighteenth Report of the Commission on Election Finances Containing Recommendations in Respect of the Indemnities and Allowances of Members of the Legislative Assembly* (Toronto: The Commission, January 1995), p.1.

¹². Ibid., p.3.

¹³. Premier Catherine Callbeck, "Regarding Implementation of Recommendations Contained in the Report of the O'Brien-Roche Commission on MLA Indemnities, Salaries and Allowances," *Statement* 28 January 1994.

- ¹⁴. Lindsay Kines, "Proposal to scrap MLA's pension plan attacked," *Vancouver Sun*, 26 July 1995.
- ¹⁵. Telephone interview with Don Phillips, Legislative Accounts Office, Legislative Assembly of British Columbia, 16 August 1995.
- ¹⁶. Manitoba Legislative Assembly, Indemnities and Allowances Commission, *Report of the Indemnities and Allowances Commission* (Winnipeg: The Commission, March 1994), p.14.
- ¹⁷. Ibid., p.21.
- ¹⁸. Saskatchewan, Legislative Assembly, Independent Committee on MLA Compensation, *Report of the Independent Committee on MLA Compensation* (Regina: The Committee, 1995), p.26.
- ¹⁹. Telephone interview with Marilyn Burowski, Financial Services, Legislative Assembly of Saskatchewan, 31 August 1995.
- ²⁰. David Solomon, *The People's Palace: Parliament in Modern Australia* (Carlton, Vic.: Melbourne University Press, 1986), p. 117.
- ²¹. Quoted in Solomon, p.118.
- ²². See, in general, David McGee, *Parliamentary Practice in New Zealand* (Wellington: Office of the Clerk of the House of Representatives, 1994), especially chapter 3.
- ²³. Francoise Dreyfus and Francois d'Arcy, *Les Institutions Politiques et Administratives de la France* 3e edition (Paris: Economica, 1989), p. 90.
- ²⁴. See, in general, Anton Bohringer, "The State Legislatures of West Germany: Some Comparisons with Canada," in Robert Fleming, *Canadian Legislatures: 1992*.
- ²⁵. Congressional Quarterly, *Congressional Pay and Perquisites* (Washington: Congressional Quarterly Inc., 1992), p.19.

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